

By: Johnson of Dallas, Rodriguez of Bexar

H.B. No. 4195

Substitute the following for H.B. No. 4195:

By: Button

C.S.H.B. No. 4195

A BILL TO BE ENTITLED

AN ACT

relating to establishing a program to assist small businesses in job creation by increasing access to capital.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 481, Government Code, is amended by adding Subchapter CC to read as follows:

SUBCHAPTER CC. REINVESTMENT IN SUPPORT FOR EMPLOYMENT

Sec. 481.451. DEFINITIONS. In this subchapter:

(1) "Capital investment loan" means a loan given to small businesses to create jobs under the program.

(2) "Community development financial institution" has the meaning assigned by 12 U.S.C. Section 4702.

(3) "Default rate" means the percentage of loans made that did not meet the payment terms during a period specified by the bank.

(4) "Financial capacity" means the ability of a community development financial institution to service a dollar amount to be specified by the bank.

(5) "Historical disbursement" means the number and amount of loans a community development financial institution made during a defined period.

(6) "Program" means the Reinvestment in Support for Employment program established under this subchapter.

(7) "Revolving loan account" means an account allowing

1 for loan amounts to be withdrawn, repaid, and redrawn until the
2 program expires.

3 (8) "Small business" has the meaning assigned by
4 Section 481.401.

5 Sec. 481.452. PROGRAM FUNDING; PURPOSE. (a) The program
6 shall be funded by direct appropriation.

7 (b) The program shall expand access to capital for small
8 businesses to create jobs in this state.

9 Sec. 481.453. PROGRAM ELIGIBILITY; ADMINISTRATION. (a) To
10 participate in the program, an eligible community development
11 financial institution must enter into a participation agreement
12 with the bank that sets out the terms under which the bank will make
13 contributions to the community development financial institution's
14 revolving loan account.

15 (b) The bank shall specify the criteria for a loan to be
16 eligible for a revolving loan from the program. In establishing
17 criteria, the bank shall consider reasonable criteria relating to a
18 community development financial institution, including the
19 community development financial institution's:

- 20 (1) financial capacity;
21 (2) historical disbursements;
22 (3) loan loss reserve capacity; and
23 (4) default rates.

24 (c) The bank shall determine the eligibility of a community
25 development financial institution to participate in the program.

26 (d) The bank may limit the total number of community
27 development financial institutions eligible to participate in the

1 program.

2 (e) To qualify as a capital investment loan, a loan must:

3 (1) be made to a small business entrepreneur;

4 (2) be used by the business for a project, activity, or
5 enterprise in this state that fosters job creation and economic
6 development; and

7 (3) meet all criteria provided by this subchapter.

8 (f) Money from a revolving loan account shall be disbursed
9 quarterly to participating community development financial
10 institutions.

11 (g) The state is not liable for money disbursed under this
12 subchapter.

13 (h) The community development financial institution is
14 solely responsible for loan losses under the program.

15 Sec. 481.454. OVERSIGHT. (a) A community development
16 financial institution participating in the program shall report
17 quarterly to the bank:

18 (1) the names of businesses that have received capital
19 investment loans;

20 (2) the current balance of all outstanding loans made
21 under the program;

22 (3) the default rate on existing loans; and

23 (4) any other information the bank requires.

24 (b) A community development financial institution
25 participating in the program shall prepare a detailed financial
26 statement each quarter.

27 (c) A community development financial institution shall

1 allow the bank to inspect the institution's financial records on
2 request.

3 Sec. 481.455. PROGRAM REPORT. The bank shall issue an
4 annual status report on the program. The bank shall deliver its
5 report to the governor, the lieutenant governor, the speaker of the
6 house, and the standing committees of the legislature with primary
7 jurisdiction for small business and economic development.

8 SECTION 2. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2017.